

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 L-03 SP-02 CIAE-00 INR-07 NSAE-00
EB-08 AGRE-00 COME-00 INRE-00 SS-15 NSC-05 SSO-00
NSCE-00 ARAE-00 /051 W
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FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC IMMEDIATE 6281

C O N F I D E N T I A L SECTION 1 OF 2 TEGUCIGALPA 1585

FOR ASSISTANT SECRETARY TODMAN FROM AMBASSADOR BECKER

E.O. 11652: GDS
TAGS: EINV, HO
SUBJECT: DRAFT AGREEMENT BETWEEN UB AND GOH

REF: TEGUCIGALPA 1341

1. MR. WILLIAM MATHERS, EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL FOR UB, VISITED ME AT 11:30 P.M. FRIDAY, APRIL 1. AFTER 2 DAYS OF NEGOTIATION HE AND OTHER MEMBERS OF THE UB NEGOTIATING TEAM HAD JUST COMPLETED MEETING WITH GOH COORDINATING COMMITTEE; THE TWO SIDES HAD FINISHED NEGOTIATION ON A DRAFT OUTLINE OF A PROPOSED AGREEMENT ON EXPROPRIATION OF UB LAND. MATHERS WAS PLEASED AT THE OUTCOME OF THE NEGOTIATION AND PRAISED THE AID I HAD GIVEN THE COMPANY. WHILE NOT INVOLVING MYSELF DIRECTLY, I KEPT GOVERNMENT DOORS OPEN TO THE COMPANY AND COUNSELED THE COMPANY ABOUT THE NEGOTIATIONS. THE GOVERNMENT ALSO APPRECIATED THE ROLE I PLAYED.

2. THE DRAFT AGREEMENT CONTAINS THE FOLLOWING MAIN POINTS:

(A) AGREEMENT IS SUBJECT TO APPROVAL OF BOARD OF DIRECTORS (OR EXECUTIVE COMMITTEE) OF UB, INA (AGRARIAN REFORM INSTITUTE), ADVISORY COUNCIL ON AGRARIAN REFORM MATTERS, CHIEF OF STATE, AND COUNCIL OF MINISTERS;
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(B) GKA TO BE GIVEN 15,004 ACRES WITHIN 20 DAYS OF APPROVAL;

(C) LAND TO BE COMPENSATED FOR BY A COMBINATION OF CASH, CLASS A 15-YEAR 6 PERCENT BONDS, CLASS B 20-YEAR 4 PERCENT BONDS, CLASS C 25-YEAR 2 PERCENT BONDS. FORM AND VALUE OF COMPENSATION TO BE AGREE UPON LATER. UB PERMITTED TO SELL CATTLE TO ANY BUYER FOR

CASH AT ANY TIME AND MAY SELL SANTA GERTRUDIS HERD OUTSIDE OF HONDURAS;

(D) EXISTING BANANA AND PALM OIL CULTIVATIONS SHALL IN NO WAY BE AFFECTED AS LONG AS SUCH CULTIVATION CONTINUES;

(E) FLOODWAYS AND SPILLINGS SHALL IN NO WAY BE AFFECTED AND USE OF AREAS IN DRY SEASON TO CONTINUE AS IN PAST;

(F) RESEARCH FACILITIES SHALL BE CONTINUED SO LONG AS LANDS ARE USED FOR RESEARCH;

(G) LANDS FOR LLORICULTURE TO BE CONTINUED BY UB OR TRANSFERRED TO AGRICOLA DE RIO TINTO;

(H) PASTURE LANDS, OTHER THAN GUAYMAS AND PUERTO ARTURO, SHALL BE RETAINED BY UB UNTIL SUCH TIME AS UB SHALL DISPOSE OF THE CATTLE THEREON, BUT IN NO EVENT LATER THAN JANUARY 15, 1978;

(I) ALL DECREE 113 LANDS USED FOR BANANAS AND PALM OIL CULTIVATIONS SHALL CONTINUE TO BE USED AS LONG AS THEY ARE SO CULTIVATED;

(J) NEGOTIATIONS SHALL BE CONTINUED WITH RESPECT TO A JOINT VENTURE FOR PROCESSING OIL FROM OIL PALM TO BE GROWN IN GUAYMAS;

(K) LAKE YOJOA RECREATION SITE FOR EMPLOYEES, CAMP SITES FOR WORKERS, LANDING FIELDS, ROADS AND URBAN AREAS SHALL BE EXCLUDED AND RETAINED BY UB; AND
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K)HV UB SHALL RETAIN LANDS TO WHICH IT HAS AN OBLIGATION TO THE LABOR UNION AND OTHER EMPLOYEES FOR CONSTRUCTION OF HOMES.

3. SUMMARY OF LAND APPORTIONMENT FOLLOWS:

INA TO USE

TYPE OF LAND	APPROXIMATE ACREAGE
GUAYMAS	8,825
FARM THREE	877
PUERTO ARTURO	3,622
MONTE VISTA-COROZAL	1,700
	15,0241,

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC IMMEDIATE 6282

C O N F I D E N T I A L SECTION 2 OF 2 TEGUCIGALPA 1585

FOR ASSISTANT SECRETARY TODMAN FROM AMBASSADOR BECKER

UB TO RETAIN

TYPE OF LAND	APROXIMATE ACREAGE
BANANA AND PALM OIL CULTIVATIONS	38,818
SPILLWAYS AND FLOODWAYS	26,016
RESEARCH	827
FLORICULTURE	440
PASTURES - RETAIN UNTIL CATTLE SOLD	6,962
LANDS NOT EXPROPRIABLE	5,030
LAKE YOJOA	
CAMP SITES	
AIR STRIPS	
ROADS AND URBAN AREAS	
LANDS FOR WORKERS HOMES	968

TOTAL 79,061

LESS 6,962
72,099

UB TO TRANSFER TO INA

TYPE OF LAND	APPROXIMATE ACREAGE
PASTURES - AFTER CATTLE SOLD	JXNOYW

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CONCESSION LANDS	8,034
OTHER LANDS NOT USED	21,247
TOTAL	36,243

PLUS 15,024
TOTAL 51,267

4. UB WILL BE SENDING ANOTHER MEMO WITHIN THE NEXT 10 DAYS WHICH WILL FURTHER CLARIFY VARIOUS ASPECTS OF THE AGREEMENT. THE COORDINATING COMMITTEE HAS THE RESPONSIBILITY FOR PRESENTING THE PROPOSED AGREEMENT TO THE COUNCIL OF MINISTERS AND CHIEF OF STATE FOR APPROVAL. THE MAJOR QUESTION STILL TO BE ANSWERED INVOLVES THE "FORM" RATHER THAN THE SUBSTANCE OF THE AGREEMENT. MINFIN ZAVALA, A MEMBER OF THE COORDINATING COMMITTEE, WANTS TO HAVE THE AGREEMENT AND A JUDGMENT OF THE COURT. UB BLEIEVES THAT SUCH A POSITION, IF ADOPTED BY THE GOH, WOULD INVOLVE THE COMPANY WITH BOTH THE JUDICIAL AND EXECUTIVE BRANCHES OF THE GOVERNMENT WITH CONSEQUENT DELAYS AND COMPLICATIONS. THE "FORM" OF THE AGREEMENT WILL HAVE TO BE DECIDED PRIOR TO APRIL 19, THE DATE WE UNDERSTAND THAT

CHIEF OF STATE MELGAR WANTS TO ANNOUNCE THE TRANSFER OF LAND FROM UB TO INA FOR THE CAMPESINOS. THE PROCESS OF IMPLEMENTATION AND FINALIZATION WILL BE ON-GOING FOR THE NEXT SEVERAL MONTHS, AND IT IS EXTREMELY IMPORTANT TO KEEP IT ON AN EVEN KEEL. I ALSO UNDERSTAND THAT NEGOTIATIONS ARE UNDERWAY BETWEEN STANDARD FRUIT AND THE GOVERNMENT FOR THE TRANSFER OF LAND TO INA.

5. I BELIEVE THAT UB HAS EMERGED FROM THE NEGOTIATIONS WITH THE OPTIMUM UM FAVORABLE POSSIBLE AGREEMENT. WHEN THE EXPROPRIATION BECAME PUBLIC LAST DECEMBER, IT APPEARED THAT UB WAS BEHIND THE "EIGHT BALL". HOWEVER, IN THE INTERVENING MONTHS, WE HAVE BEEN ABLE TO MODIFY GOVERNMENT

THINKING AND THEREBY GIVE UB A CHANCE TO ACHIEVE ITS PRESENT AGREEMENT WITHOUT LITIGATION.

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